HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK

Atlantic Region Highlights

Canada Mortgage and Housing Corporation

Date Released: Third Quarter 2009

Housing Starts Will Recover in 2010

Figure 1

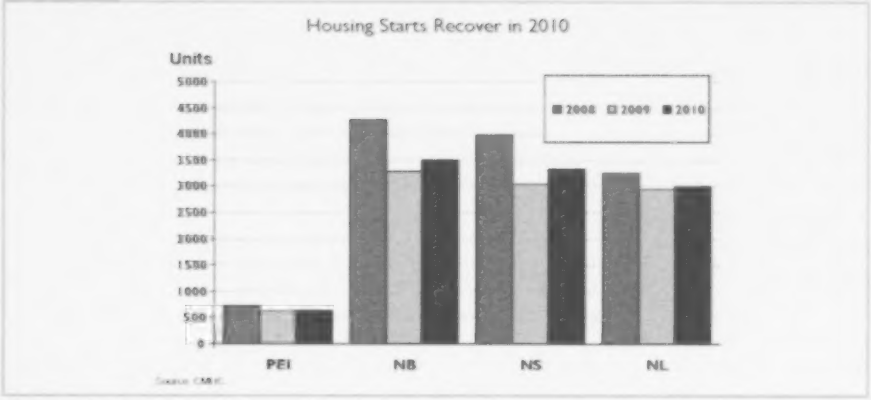

Figure 2

[1]The outlook is subject to a heightened degree of uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of July 23, 2009.

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Overview[1]

Housing starts are forecast to decline in 2009 in Atlantic Canada, but rise marginally in 2010. Both singles and multiples will see a decline in activity in 2009, as economic growth continues to be impacted by the global slowdown.

A gradual recovery in Atlantic Canada is expected in 2010. The housing sector is expected to show positive growth of over five per cent in 2010, as consumers continue to take advantage of the favorable interest rate environment and additional fiscal and monetary stimulus continues to support economic growth.

Current low vacancy rates should support multiples activity, although builders up to this point in 2009 are still cautious. Demographic trends and improvements in financial conditions will help support a rebound in 2010.

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Prices Will Continue to Rise in 2009

With inventory levels down in the first half of 2009, the growth in prices in the existing home market continued, with prices up over five per cent so far in 2009. It is expected that the growth in prices will remain near current levels for the remainder of 2009, rising a further three per cent in 2010.

MLS® Sales Will Decline in 2009

In 2009, existing home sales activity is expected to decline across the region. Favourable market conditions in the second quarter, along with low mortgage rates, have allowed potential homeowners, particularly first time home buyers, to enter the market. As a result, the 2009 forecast is a little less negative than previously forecast, with sales expected to decline over 12 per cent. Momentum in the market begins to rebuild in 2010, as sales are expected to rise close to three per cent.

Economic Forecast

Earlier this year exporters were in a better position with respect to the Canadian dollar and energy prices. As this has been eroded by the recent rise in both the dollar and energy prices, the current and future growth prospects for exporters will remain weak. Current economic challenges will be partially offset by additional spending in 2009-2010 on infrastructure projects at both the provincial and municipal levels across Atlantic Canada.

In Newfoundland-Labrador the majority of spending on the Hebron project is not expected until after 2011. As a result, the province's economic outlook in the near-term will have to rely on other projects such as the Hibernia South expansion, which is expected to begin construction in 2010. Declines in offshore oil production will dampen growth in 2009 and 2010. The consumer is putting off some purchases in 2009, as retail sales have turned negative. This is also being impacted by the recent declines in employment, to the end of June. As a result, there has been a slowdown in inter-provincial migration since the end of 2008, as some workers wanting to return home have had to look elsewhere for employment.

The Nova Scotia economy continues to be affected by the global recession, although not to the same extent as other provinces in 2009. At the same time, consumers are not as willing to spend, as the retail sector is seeing declines in 2009, although a large part of the drop in retail sales relates to declines in the auto sector. The outlook is being supported by the Deep Panuke project from EnCana and other non-residential investment which is up over 35 per cent to the end of May.

The current economic downturn will continue in New Brunswick until a global recovery begins in 2010. The recent slowdown in non-residential construction activity in the province stems from reduced spending, as projects such as the Canaport LNG facility, the Point Lepreau refurbishment, and the Potash Corp. expansion are complete or nearing completion. Several large scale capital projects had been recently announced, including a combination natural gas and wind power electrical generating project with a price tag exceeding one billion dollars. With the recent announcement of the cancellation of the Eider Rock Project in Saint John, it is important to temper the outlook until such projects are formally announced.

For Prince Edward Island, one bright spot that was anticipated in 2009 was the tourism sector, which in spite of the recent negative effects of the Canadian dollar and gas prices was expected to be supported by Canadians staying home and travelling locally. As a result of poor weather conditions, earlier in the summer travel season, tourism operators are less hopeful that 2009 will turn out to be a better year than 2008. The agriculture sector is currently doing better as a result of higher potato prices in the first quarter. However, food manufacturing shipments are weaker to date in 2009.

Atlantic Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA[2] (%)	Unemp. Rate SA[2] (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
St. John's	Q2 2009	1.5	7.6	775.09	Q2 2009	445	409	36	996	$203,854
	Q2 2008	3.3	7.8	762.24	Q2 2008	456	368	88	1,084	$169,942
	Change[1]	-1.7	-0.2	1.7%	% Change	-2.4	11.1	-59.1	-8.1	20.0
Charlottetown[1]	Q2 2009	-3.8	8.8	n/a	Q2 2009	192	73	119	133	$176,327
	Q2 2008	5.2	6.8	n/a	Q2 2008	143	90	53	128	$175,042
	Change[1]	-9.0	2.0	-	% Change	34.3	-18.9	124.5	3.9	0.7
Halifax[2]	Q2 2009	4.1	5.9	748.38	Q2 2009	345	244	101	2,002	$242,325
	Q2 2008	0.8	5.4	699.08	Q2 2008	612	359	253	2,277	$234,409
	Change[1]	3.3	0.5	7.1%	% Change	-43.6	-32.0	-60.1	-12.1	3.4
Fredericton	Q2 2009	3.4	5.8	n/a	Q2 2009	251	93	158	852	$171,969
	Q2 2008	-2.7	4.6	n/a	Q2 2008	263	143	120	842	$165,960
	Change[1]	6.1	1.2	-	% Change	-4.6	-35.0	31.7	1.2	3.6
Moncton	Q2 2009	2.8	7.0	709.25	Q2 2009	295	111	184	697	$148,244
	Q2 2008	2.9	5.9	658.54	Q2 2008	532	209	323	902	$143,892
	Change[1]	-0.1	1.0	7.7%	% Change	-44.5	-46.9	-43.0	-22.7	3.0
Saint John	Q2 2009	4.6	5.0	746.49	Q2 2009	195	117	78	612	$176,839
	Q2 2008	-0.8	6.2	720.99	Q2 2008	207	147	60	690	$166,349
	Change[1]	5.4	-1.2	3.5%	% Change	-5.8	-20.4	30.0	-11.3	6.3
NL	June 09	-1.8	15.6	741.48	Q2 2009	768	708	60	996	$203,854
	June 08	1.3	13.2	728.18	Q2 2008	863	731	132	1,084	$169,942
	Change[1]	-3.2	2.4	1.8%	% Change	-11.0	-3.1	-54.5	-8.1	20.0
PEI	June 09	-2.0	12.2	659.02	Q2 2009	256	119	137	348	$144,210
	June 08	2.6	10.5	637.41	Q2 2008	241	169	72	307	$137,253
	Change[1]	-4.6	1.7	3.4%	% Change	6.2	-29.6	90.3	13.4	5.1
NS	June 09	-0.7	9.4	705.29	Q2 2009	766	591	175	3,203	$205,677
	June 08	2.3	7.6	665.97	Q2 2008	1,086	761	325	3,746	$197,861
	Change[1]	-3.0	1.8	5.9%	% Change	-29.5	-22.3	-46.2	-14.5	4.0
NB	June 09	0.9	9.2	698.05	Q2 2009	1,085	605	480	2,300	$161,219
	June 08	-0.9	9.7	669.27	Q2 2008	1,414	794	620	2,587	$153,403
	Change[1]	1.8	-0.5	4.3%	% Change	-23.3	-23.8	-22.6	-11.1	5.1
Atlantic Region	June 09	-0.5	10.8	721.46	Q2 2009	2,875	2,023	852	6,847	$187,354
	June 08	1.1	9.6	677.51	Q2 2008	3,604	2,455	1,149	7,724	$176,643
	Change[1]	-1.5	1.2	6.5%	% Change	-20.2	-17.6	-25.8	-11.4	6.1
Canada	June 09	-1.8	8.6	799.01	Q2 2009	35,798	19,029	16,769	147,351	$318,696
	June 08	1.7	6.2	777.73	Q2 2008	62,087	29,267	32,820	145,293	$317,179
	Change[1]	-3.5	2.4	2.7%	% Change	-42.3	-35.0	-48.9	1.4	0.5

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

[2]Seasonally adjusted Labour Force data is not available for Charlottetown, Fredericton, Moncton and, therefore, raw data was used.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, [1] PEI Real Estate Association, [2] Nova Scotia Association of REALTORS®

"SA" means Seasonally Adjusted

Atlantic Region Housing Forecast - New Construction

	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
St. John's	Single-Detached	1,485	1,375	-7.4	1,450	5.5	575	509	13.0
	Multiple	378	300	-20.6	350	16.7	84	119	-29.4
	Total	1,863	1,675	-10.1	1,800	7.5	659	628	4.9
Charlottetown	Single-Detached	280	225	-19.6	250	11.1	90	114	-21.1
	Multiple	146	175	19.9	150	-14.3	122	68	79.4
	Total	426	400	-6.1	400	0.0	212	182	16.5
Halifax	Single-Detached	1,180	900	-23.7	1,000	11.1	348	563	-38.2
	Multiple	916	775	-15.4	980	26.5	271	472	-42.6
	Total	2,096	1,675	-20.1	1,980	18.2	619	1,035	-40.2
Fredericton	Single-Detached	475	360	-24.2	400	11.1	123	198	-37.9
	Multiple	223	280	25.6	275	-1.8	160	124	29.0
	Total	698	640	-8.3	675	5.5	283	322	-12.1
Moncton	Single-Detached	566	400	-29.3	450	12.5	133	243	-45.3
	Multiple	793	560	-29.4	600	7.1	216	366	-41.0
	Total	1,359	960	-29.4	1,050	9.4	349	609	-42.7
Saint John	Single-Detached	488	375	-23.2	400	6.7	157	219	-28.3
	Multiple	344	300	-12.8	325	8.3	201	153	31.4
	Total	832	675	-18.9	725	7.4	358	372	-3.8
NL	Single-Detached	2,725	2,550	-6.4	2,575	1.0	926	908	2.0
	Multiple	536	400	-25.4	425	6.3	116	163	-28.8
	Total	3,261	2,950	-9.5	3,000	1.7	1,042	1,071	-2.7
PEI	Single-Detached	521	400	-23.2	425	6.3	150	213	-29.6
	Multiple	191	225	17.8	215	-4.4	150	93	61.3
	Total	712	625	-12.2	640	2.4	300	306	-2.0
NS	Single-Detached	2,636	1,950	-26.0	2,000	2.6	803	1,130	-28.9
	Multiple	1,346	1,100	-18.3	1,325	20.5	409	654	-37.5
	Total	3,982	3,050	-23.4	3,325	9.0	1,212	1,784	-32.1
NB	Single-Detached	2,519	2,000	-20.6	2,165	8.3	760	1,031	-26.3
	Multiple	1,755	1,285	-26.8	1,335	3.9	646	818	-21.0
	Total	4,274	3,285	-23.1	3,500	6.5	1,406	1,849	-24.0
Atlantic Region	Single-Detached	8,401	6,900	-17.9	7,165	3.8	2,639	3,282	-19.6
	Multiple	3,828	3,010	-21.4	3,300	9.6	1,321	1,728	-23.6
	Total	12,229	9,910	-19.0	10,465	5.6	3,960	5,010	-21.0
Canada	Single-Detached	93,202	68,400	-26.6	72,450	5.9	27,843	44,596	-37.6
	Multiple	117,854	73,500	-37.6	77,850	5.9	31,727	61,101	-48.1
	Total	211,056	141,900	-32.8	150,300	5.9	59,570	105,697	-43.6

*Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report for the relevant ranges.
Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast

Atlantic Region Housing Forecast - Resale Market

		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
St. John's	MLS® Sales(#)	3,835	3,450	-10.0	3,575	3.6	1,619	1,797	-9.9
	MLS® Avg. Price ($)	187,571	215,000	14.6	225,500	4.9	200,646	164,788	21.8
Charlottetown[1]	MLS® Sales(#)	595	565	-5.0	590	4.4	233	259	-10.0
	MLS® Avg. Price ($)	175,231	182,250	4.0	187,000	2.6	171,410	174,591	-1.8
Halifax[2]	MLS® Sales(#)	6,205	5,450	-12.2	5,850	7.3	2,963	3,601	-17.7
	MLS® Avg. Price ($)	229,916	237,500	3.3	243,500	2.5	234,783	229,652	2.2
Fredericton	MLS® Sales(#)	2,160	1,950	-9.7	2,000	2.6	1,174	1,211	-3.1
	MLS® Avg. Price ($)	152,268	158,500	4.1	163,250	3.0	166,602	159,866	4.2
Moncton	MLS® Sales(#)	2,663	2,200	-17.4	2,350	6.8	1,142	1,435	-20.4
	MLS® Avg. Price ($)	143,173	145,500	1.6	149,000	2.4	147,938	145,149	1.9
Saint John	MLS® Sales(#)	2,166	1,750	-19.2	1,800	2.9	945	1,086	-13.0
	MLS® Avg. Price ($)	158,117	166,000	5.0	172,500	3.9	171,150	160,141	6.9
NL	MLS® Sales(#)	4,695	4,100	-12.7	4,200	2.4	1,619	1,797	-9.9
	MLS® Avg. Price ($)	178,477	205,000	14.9	213,000	3.9	200,646	164,788	21.8
PEI	MLS® Sales(#)	1,413	1,350	-4.5	1,400	3.7	550	523	5.2
	MLS® Avg. Price ($)	139,944	146,500	4.7	151,000	3.1	144,932	136,186	6.4
NS	MLS® Sales(#)	10,874	9,275	-14.7	9,500	2.4	4,869	5,892	-17.4
	MLS® Avg. Price ($)	189,902	194,500	2.4	199,250	2.4	198,985	194,132	2.5
NB	MLS® Sales(#)	7,555	6,650	-12.0	6,900	3.8	3,474	3,962	-12.3
	MLS® Avg. Price ($)	145,762	150,100	3.0	155,600	3.7	156,856	149,781	4.7
Atlantic Region	MLS® Sales(#)	24,538	21,375	-12.9	22,000	2.9	10,512	12,174	-13.7
	MLS® Avg. Price ($)	171,247	179,670	4.9	185,114	3.0	182,490	172,878	5.6
Canada[1]	MLS® Sales(#)	433,990	420,700	-3.1	419,400	-0.3	223,503	249,703	-10.5
	MLS® Avg. Price ($)	303,607	301,400	-0.7	306,300	1.6	307,098	315,029	-2.5

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report for the relevant ranges

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Source: CREA, [1] PEI Real Estate Association, [2] Nova Scotia Association of REALTORS®

(F) = CMHC Forecast

[1] Canada total excludes the territories

Atlantic Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
St. John's	0.8	1.0	630	700
Charlottetown	2.3	2.0	672	715
Halifax	3.4	3.5	833	850
Fredericton	4.3	4.5	697	710
Moncton	2.4	2.5	656	670
Saint John	3.1	2.8	618	630
Canada[1]	2.3	2.4	n/a	n/a

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 100,000+

Atlantic Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Newfoundland						
Housing Starts	2,950	3,275	2,575	3,000	3,450	2,600
Multiple	400	475	375	425	500	300
Single	2,550	2,800	2,200	2,575	2,950	2,300
MLS® Sales	4,100	4,250	3,750	4,200	4,400	3,800
MLS® Average Price ($)	205,000	208,000	200,000	213,000	216,000	207,500
Prince Edward Island						
Housing Starts	625	675	550	640	700	550
Multiple	225	250	175	215	250	150
Single	400	425	375	425	450	400
MLS® Sales	1,350	1,450	1,250	1,400	1,500	1,300
MLS® Average Price ($)	146,500	148,000	143,000	151,000	153,000	148,000
Nova Scotia						
Housing Starts	3,050	3,600	2,875	3,325	4,000	3,050
Multiple	1,100	1,300	1,000	1,325	1,500	1,200
Single	1,950	2,300	1,875	2,000	2,500	1,850
MLS® Sales	9,275	9,800	9,000	9,500	10,500	9,000
MLS® Average Price ($)	194,500	197,000	190,000	199,250	203,000	195,000
New Brunswick						
Housing Starts	3,285	3,650	3,000	3,500	4,000	2,950
Multiple	1,285	1,450	1,100	1,335	1,450	1,100
Single	2,000	2,200	1,900	2,165	2,550	1,850
MLS® Sales	6,650	7,000	6,000	6,900	7,350	6,400
MLS® Average Price ($)	150,100	152,500	148,000	155,600	157,500	152,000
Canada						
Housing Starts	141,900	160,000	125,000	150,300	180,000	130,000
Multiple	73,500	83,000	63,600	77,850	92,000	67,000
Single	68,400	77,000	61,000	72,450	88,000	63,000
MLS® Sales	420,700	440,000	408,000	419,400	468,000	375,000
MLS® Average Price ($)	301,400	313,000	295,000	306,300	330,000	295,000

Sources: CMHC

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Canada's Economic Action Plan 2009 announced a number of housing-related measures which are being delivered through Canada Mortgage and Housing Corporation. Find out more.

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